




Original	Sheet No. 1	RECEIVED NOV 20 1998 State of Alaska Public Utilities Commission
Cancelling:	Sheet No. 1	
Goat Lake Hydro, Inc.		
<p style="text-align: center;">TARIFF FOR GOAT LAKE HYDRO, INC. <u>FOR ITS WHOLESALE ELECTRIC SERVICE FURNISHED TO</u> <u>ALASKA POWER COMPANY (SKAGWAY)</u> <u>AND</u> <u>HAINES LIGHT & POWER COMPANY, INC.</u></p>		
<p>Goat Lake Hydro, Inc. 191 Otto Street P.O. Box 3222 Port Townsend, WA. 98368 Phone (360) 385-1733 FAX (360) 385-5177</p>		
Pursuant to U-99-2(1) Tariff Advice: 1-521		Effective: January 15, 1999
Issued by: Goat Lake Hydro, Inc.  By: Howard Garner Title: Executive Vice President		

<u>Original</u>	Sheet No. 2	RECEIVED NOV 20 1998 State of Alaska Public Utilities Commission
Cancelling:	Sheet No. 2	
Goat Lake Hydro, Inc.		
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Pursuant to U-99-2(1) Tariff Advice: 1-521		
Effective: January 15, 1999		
Issued by: Goat Lake Hydro, Inc.		
		
By: Howard Garner Title: Executive Vice President		

Original	Sheet No.	3	RECEIVED NOV 20 1998 State of Alaska Public Utilities Commission
Cancelling:	Sheet No.	3	
Goat Lake Hydro, Inc.			
<p style="text-align: center;"><u>RULES AND REGULATIONS</u></p> <p>This tariff page is to cover the requirements of 3 AAC 48.370 for the tariff of Goat Lake Hydro, Inc. (GLH) to include its rules and regulations.</p> <p>The Commission approved the certificate of GLH on 12/15/97 to provide wholesale electric public utility service. The contract of GLH (the Power Sales Agreement) to sell the wholesale electric was also approved in Order No. 1 of U-97-191.</p> <p>Under the approved contract, GLH is strictly limited to the sale of power to Alaska Power Company for its Skagway requirements and to Haines Light & Power Co. All rules and regulations applicable to GLH are as described in the approved contract which is incorporated into this tariff as Appendix One.</p>			
<p>Pursuant to U-99-2(1) Tariff Advice: 1-521</p> <p style="text-align: right;">Effective: January 15, 1999</p>			
<p>Issued by: Goat Lake Hydro, Inc.</p> <p></p> <p>By: Howard Garner Title: Executive Vice President</p>			

4th Revision

Sheet No.

4

Cancelling:

3rd Revision

Sheet No.

4**RECEIVED****APR 04 2022**STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA**Goat Lake Hydro, Inc.****RATES**

Annual Rate per kWh:

0.06301D
D
RPursuant to: **U-20-072(19)/U-20-073(19)/U-20-074(19)**Effective: **April 18, 2022**

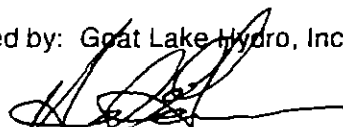
Issued by: GOAT LAKE HYDRO, INC.

By:



Steven J. Kramer

Title: Senior Director of Regulatory Affairs

Original	Sheet No. 5	RECEIVED MAR 08 1999 State of Alaska Public Utilities Commission
Cancelling:	Sheet No. 5	
Goat Lake Hydro, Inc.		
<p style="text-align: center;"><u>BALANCING ACCOUNT</u></p> <p>This tariff page is to establish a balancing account as a mechanism to annually adjust for the budgeted rates of the prior year pursuant to U-99-2(1).</p> <p>The company shall maintain a balancing account. The balancing account has a beginning balance of zero at January 1, 1999 with balances thereafter reflecting the sum of the debit and credit entries described below:</p> <ol style="list-style-type: none">1. Debit entries equal to the actual revenue requirement for a fiscal year consisting of the operating expenses, depreciation, return on rate base and income tax expense.2. Credit entries equal to the total number of kwh's sold during the fiscal year multiplied by the authorized rate on Tariff Sheet #4.3. Within 90 days after the end of each calendar year (the fiscal year) the company will file, by tariff advice letter, the supporting information to support the entries included in the Balancing Account.4. The remaining amount in the Balancing Account, as filed in response to paragraph 3, will be used to adjust the budgeted rate per kwh to be charged to the wholesale customers in the following fiscal year.		
Pursuant to U-99-2(2) Tariff Advice: 2-521		
Effective: April 16, 1999		
Issued by: Goat Lake Hydro, Inc.		
		
By: Howard Garner Title: Executive Vice President		

Original

Sheet No. 6

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Sheet No.

RECEIVED**APR 05 2022**STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA**Goat Lake Hydro, Inc.****RATE STABILIZATION ASSET (RSA) SURCHARGE**

N

In Order U-20-073(17), the Commission accepted the recovery of the rate stabilization asset (RSA) balance of \$4,619,645 in a monthly tariffed surcharge to Alaska Power Company over a 10-year period. The balance will accrue carrying costs in the amount of \$2,438,354 over the 10 years consistent with the accepted rate-of-return for GLH of 8.06%. The rate-of-return also includes a gross up element for federal and state income tax recovery at 21.0% and 9.4%, respectively. The calculation of the return is shown below. The complete amortization schedule is presented in APPENDIX B.

Capital Structure and WACC	Portion	Cost Rate	Weighted Cost	Income Tax Gross-up	Pre-Tax	Monthly
					Weighted Cost	
Debt	44.60%	4.47%	1.994%	1.0000	1.994%	0.166%
Equity	55.40%	10.95%	6.066%	1.3971	8.476%	0.706%
Total Capitalization	<u>100.00%</u>		<u>8.060%</u>		<u>10.470%</u>	<u>0.872%</u>

The total cost of the power sold to Alaska Power Company each month will be the sum of the approved per kWh rate found on Tariff Sheet No. 4, plus the monthly RSA surcharge of \$58,817.

Alaska Power Company will include the total monthly purchased power from GLH, as described above in the calculation of the quarterly Cost of Power Adjustment (COPA) for APC - Rate Group 1. The Monthly RSA surcharge amount of \$58,817 will be eliminated once the balance reaches zero at the end of 10 years.

N

Pursuant to U-20-072(19)/U-20-073(19)/U-20-074(19)Effective: **April 18, 2022**

Issued by: Goat Lake Hydro, Inc.

By:



Steven J. Kramer

Title: Senior Director of Regulatory Affairs

APPENDIX B – RSA AMORTIZATION SCHEDULE

principal	\$ 4,619,645		
Periods	120	n	
Interest	0.872%	i	
Month	Monthly RSA Surcharge	Principal	Interest
1	\$ 58,817	\$ 18,513	\$ 40,303
2	\$ 58,817	\$ 18,849	\$ 39,968
3	\$ 58,817	\$ 19,185	\$ 39,632
4	\$ 58,817	\$ 19,521	\$ 39,296
5	\$ 58,817	\$ 19,857	\$ 38,960
6	\$ 58,817	\$ 20,193	\$ 38,624
7	\$ 58,817	\$ 20,528	\$ 38,288
8	\$ 58,817	\$ 20,864	\$ 37,952
9	\$ 58,817	\$ 21,200	\$ 37,616
10	\$ 58,817	\$ 21,536	\$ 37,281
11	\$ 58,817	\$ 21,872	\$ 36,945
12	\$ 58,817	\$ 22,208	\$ 36,609
13	\$ 58,817	\$ 22,544	\$ 36,273
14	\$ 58,817	\$ 22,879	\$ 35,937
15	\$ 58,817	\$ 23,215	\$ 35,601
16	\$ 58,817	\$ 23,551	\$ 35,265
17	\$ 58,817	\$ 23,887	\$ 34,930
18	\$ 58,817	\$ 24,223	\$ 34,594
19	\$ 58,817	\$ 24,559	\$ 34,258
20	\$ 58,817	\$ 24,895	\$ 33,922
21	\$ 58,817	\$ 25,231	\$ 33,586
22	\$ 58,817	\$ 25,566	\$ 33,250
23	\$ 58,817	\$ 25,902	\$ 32,914
24	\$ 58,817	\$ 26,238	\$ 32,579
25	\$ 58,817	\$ 26,574	\$ 32,243
26	\$ 58,817	\$ 26,910	\$ 31,907
27	\$ 58,817	\$ 27,246	\$ 31,571
28	\$ 58,817	\$ 27,582	\$ 31,235
29	\$ 58,817	\$ 27,917	\$ 30,899
30	\$ 58,817	\$ 28,253	\$ 30,563
31	\$ 58,817	\$ 28,589	\$ 30,228

APPENDIX B – RSA AMORTIZATION SCHEDULE

32	\$ 58,817	\$ 28,925	\$ 29,892
33	\$ 58,817	\$ 29,261	\$ 29,556
34	\$ 58,817	\$ 29,597	\$ 29,220
35	\$ 58,817	\$ 29,933	\$ 28,884
36	\$ 58,817	\$ 30,268	\$ 28,548
37	\$ 58,817	\$ 30,604	\$ 28,212
38	\$ 58,817	\$ 30,940	\$ 27,876
39	\$ 58,817	\$ 31,276	\$ 27,541
40	\$ 58,817	\$ 31,612	\$ 27,205
41	\$ 58,817	\$ 31,948	\$ 26,869
42	\$ 58,817	\$ 32,284	\$ 26,533
43	\$ 58,817	\$ 32,619	\$ 26,197
44	\$ 58,817	\$ 32,955	\$ 25,861
45	\$ 58,817	\$ 33,291	\$ 25,525
46	\$ 58,817	\$ 33,627	\$ 25,190
47	\$ 58,817	\$ 33,963	\$ 24,854
48	\$ 58,817	\$ 34,299	\$ 24,518
49	\$ 58,817	\$ 34,635	\$ 24,182
50	\$ 58,817	\$ 34,970	\$ 23,846
51	\$ 58,817	\$ 35,306	\$ 23,510
52	\$ 58,817	\$ 35,642	\$ 23,174
53	\$ 58,817	\$ 35,978	\$ 22,839
54	\$ 58,817	\$ 36,314	\$ 22,503
55	\$ 58,817	\$ 36,650	\$ 22,167
56	\$ 58,817	\$ 36,986	\$ 21,831
57	\$ 58,817	\$ 37,322	\$ 21,495
58	\$ 58,817	\$ 37,657	\$ 21,159
59	\$ 58,817	\$ 37,993	\$ 20,823
60	\$ 58,817	\$ 38,329	\$ 20,488
61	\$ 58,817	\$ 38,665	\$ 20,152
62	\$ 58,817	\$ 39,001	\$ 19,816
63	\$ 58,817	\$ 39,337	\$ 19,480
64	\$ 58,817	\$ 39,673	\$ 19,144
65	\$ 58,817	\$ 40,008	\$ 18,808
66	\$ 58,817	\$ 40,344	\$ 18,472
67	\$ 58,817	\$ 40,680	\$ 18,137
68	\$ 58,817	\$ 41,016	\$ 17,801
69	\$ 58,817	\$ 41,352	\$ 17,465
70	\$ 58,817	\$ 41,688	\$ 17,129
71	\$ 58,817	\$ 42,024	\$ 16,793
72	\$ 58,817	\$ 42,359	\$ 16,457

APPENDIX B – RSA AMORTIZATION SCHEDULE

73	\$ 58,817	\$ 42,695	\$ 16,121
74	\$ 58,817	\$ 43,031	\$ 15,785
75	\$ 58,817	\$ 43,367	\$ 15,450
76	\$ 58,817	\$ 43,703	\$ 15,114
77	\$ 58,817	\$ 44,039	\$ 14,778
78	\$ 58,817	\$ 44,375	\$ 14,442
79	\$ 58,817	\$ 44,710	\$ 14,106
80	\$ 58,817	\$ 45,046	\$ 13,770
81	\$ 58,817	\$ 45,382	\$ 13,434
82	\$ 58,817	\$ 45,718	\$ 13,099
83	\$ 58,817	\$ 46,054	\$ 12,763
84	\$ 58,817	\$ 46,390	\$ 12,427
85	\$ 58,817	\$ 46,726	\$ 12,091
86	\$ 58,817	\$ 47,062	\$ 11,755
87	\$ 58,817	\$ 47,397	\$ 11,419
88	\$ 58,817	\$ 47,733	\$ 11,083
89	\$ 58,817	\$ 48,069	\$ 10,748
90	\$ 58,817	\$ 48,405	\$ 10,412
91	\$ 58,817	\$ 48,741	\$ 10,076
92	\$ 58,817	\$ 49,077	\$ 9,740
93	\$ 58,817	\$ 49,413	\$ 9,404
94	\$ 58,817	\$ 49,748	\$ 9,068
95	\$ 58,817	\$ 50,084	\$ 8,732
96	\$ 58,817	\$ 50,420	\$ 8,397
97	\$ 58,817	\$ 50,756	\$ 8,061
98	\$ 58,817	\$ 51,092	\$ 7,725
99	\$ 58,817	\$ 51,428	\$ 7,389
100	\$ 58,817	\$ 51,764	\$ 7,053
101	\$ 58,817	\$ 52,099	\$ 6,717
102	\$ 58,817	\$ 52,435	\$ 6,381
103	\$ 58,817	\$ 52,771	\$ 6,046
104	\$ 58,817	\$ 53,107	\$ 5,710
105	\$ 58,817	\$ 53,443	\$ 5,374
106	\$ 58,817	\$ 53,779	\$ 5,038
107	\$ 58,817	\$ 54,115	\$ 4,702
108	\$ 58,817	\$ 54,450	\$ 4,366
109	\$ 58,817	\$ 54,786	\$ 4,030
110	\$ 58,817	\$ 55,122	\$ 3,694
111	\$ 58,817	\$ 55,458	\$ 3,359
112	\$ 58,817	\$ 55,794	\$ 3,023
113	\$ 58,817	\$ 56,130	\$ 2,687

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GOAT LAKE HYDRO, INC. (CPCN 521)

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA**APPENDIX B – RSA AMORTIZATION SCHEDULE**

114	\$ 58,817	\$ 56,466	\$ 2,351
115	\$ 58,817	\$ 56,801	\$ 2,015
116	\$ 58,817	\$ 57,137	\$ 1,679
117	\$ 58,817	\$ 57,473	\$ 1,343
118	\$ 58,817	\$ 57,809	\$ 1,008
119	\$ 58,817	\$ 58,145	\$ 672
120	\$ 58,817	\$ 58,481	\$ 336
	\$ 7,057,999	\$ 4,619,645	\$ 2,438,354

APPENDIX

POWER SALES AGREEMENT

This POWER SALES AGREEMENT dated as of September 1, 1997, is entered into by and among GOAT LAKE HYDRO, INC. ("Goat Lake Hydro"); ALASKA POWER COMPANY ("APC") and HAINES LIGHT & POWER CO., INC. ("Haines").

W I T N E S S E T H:

Goat Lake Hydro, APC and Haines are each subsidiaries of Alaska Power & Telephone Company ("AP&T"). Goat Lake Hydro, on behalf of AP&T, plans to construct, own and operate facilities for the generation and transmission of electric power and energy herein described and referred to as the "Upper Lynn Canal Regional Power Supply System", including hydroelectric facilities known as the Goat Lake Hydroelectric Project and the Otter Creek Hydroelectric Project. APC owns and operates a local electric distribution system that serves retail customers in the City of Skagway, Alaska and Haines operates a local electric distribution system that serves retail customers in Haines Borough, Alaska. APC and Haines (each a "Purchaser" and herein collectively called the "Purchasers") are public utilities authorized to provide electric service under Alaska Statutes 42.05, subject to the rules and regulations of the Alaska Public Utilities Commission. Goat Lake Hydro has determined to sell to the Purchasers, and the Purchasers have determined to purchase, all of the electric energy and capacity of the Upper Lynn Canal Regional Power Supply System. The Purchasers mutually agree that this Power Sales Agreement is needed to provide security for the payment of the principal of and interest on the bonds to be issued to finance the costs of construction of the Upper Lynn Canal Regional Power Supply System, including the approximately \$23,000,000 aggregate principal amount of Bonds to be issued by the Alaska Industrial Development and Export Authority.

NOW, THEREFORE, in consideration of these premises, of the mutual covenants and agreements herein set forth, and of the undertakings of each party to the others, Goat Lake Hydro, Inc.; Alaska Power Company and Haines Light & Power Co., Inc. each binding itself, its successors and assigns, do mutually covenant, promise and agree as follows:

Section 1. Definitions. For the purposes of this Agreement, the following definitions apply:

"Agreement" means this Power Sales Agreement.

"Annual Payment Obligation" means the total amount payable by a Purchaser in or for a Fiscal Year pursuant to this Agreement.

"Annual Budget" means the budget for the System as adopted or in effect for a particular Fiscal Year.

"Annual Costs" shall have the meaning given it in Section 5 of this Agreement.

"APC" means Alaska Power Company or any successor that owns and operates the local electric distribution system that serves retail customers in the City of Skagway, Alaska.

"Authority" means the Alaska Industrial Development and Export Authority, and any successor agency thereto.

"Bond Resolution" means any bond resolution, financing agreement or indenture securing Bonds.

"Bonds" means bonds, notes or other evidences of indebtedness (including additional capital improvement bonds and refunding bonds) issued for the primary purpose of financing capital costs of the System.

"Commission" means the Alaska Public Utilities Commission.

"Consultant" means an independent individual or firm of nationwide and favorable reputation, having demonstrated expertise in the operation of electric utilities.

"Debt Service" means amounts that are required to be set aside for the payment of principal of, premium, if any, sinking fund payments, and interest on the Bonds, as the same are scheduled to become due under the Bond Resolution, and not by reason of any acceleration.

"Electric Power" or "power" means electric energy or electric capacity or both. Where the context of this Agreement requires a distinction, electric energy is specified and/or expressed in kilowatthours or megawatthours and electric capacity is specified and/or expressed in kilowatt or megawatts.

"Fiscal Year" means the twelve-month period ending on December 31 of each year.

"Goat-Lake Hydro" or "Seller" means Goat Lake Hydro, Inc., or any successor that owns and operates the System.

"Haines" means Haines Light & Power Co., Inc., or any successor that owns and operates the local electric distribution system that serves retail customers in Haines Borough, Alaska.

"Percentage Share" means, for a Purchaser and with respect to a particular Fiscal Year, that proportion of the System Capacity and Annual Costs for such Fiscal Year allocated to the Purchaser by the Seller based upon a cost of service study meeting the requirements of the then applicable regulations of the Commission; or, if no such cost of service study is available

for such Fiscal Year, then determined by application thereto of the fraction of which (a) the numerator is the kilowatt-hours of electric energy generated by the System and delivered to the Purchaser during the Fiscal Year and (b) the denominator is the kilowatt-hours of electric energy generated by the System and delivered to both Purchasers during the Fiscal Year, provided that for any Fiscal Year in which the System was not operating or was inoperable for a period in excess of 90 days, the Percentage Share for APC shall be 50% and the Percentage Share for Haines shall be 50%.

"Purchaser" means Haines or APC.

"Purchaser's System" means a Purchaser's electric utility system for the distribution of electrical power and which is owned and operated by the Purchaser. If a Purchaser's electric utility system is combined with other utilities of the Purchaser, then "Purchaser's System" includes only those facilities, activities, and revenues properly allocable to Purchaser's electric utility service.

"Required Action" means an action that must be taken in order to comply with federal or state law, the orders of licensing and regulatory agencies, the Bond Resolution, or this Agreement.

"Required Work" means repairs, maintenance, renewals, replacements, improvements or betterments required by federal or state law, a licensing or regulatory agency with jurisdiction over the System, or this Agreement, or otherwise necessary to keep the System in good and efficient operating condition, consistent with (1) sound economics for the System and the Purchasers, and (2) national standards for the industry.

"System" means the Upper Lynn Canal Regional Power Supply System, including the Goat Lake Hydroelectric Project, the Otter Creek Hydroelectric Project, all transmission facilities owned and operated by Goat Lake Hydro for the purpose of providing Electric Power to any Purchaser and such other improvements and betterments as may be undertaken by Goat Lake Hydro to provide or enhance the generation and transmission of Electric Power for use by the Purchasers.

"System Capacity" means the amount of electric capacity capable of being produced by the System at any and all times until the termination of this Agreement under the operating conditions that exist during such times, including periods when the System may be not operating or inoperable or the operation thereof is suspended, interrupted, interfered with, reduced, or curtailed, in each case in whole or in part for any reason whatsoever, after corrections for station and System use, and deflections required under any federal license for the hydroelectric projects constituting part of the System.

"Trustee" means the trustee for bondholders acting pursuant to the Bond Resolution.

Section 2. Term of Agreement. This Agreement shall become effective upon its execution and delivery by the Seller and each Purchaser. This Agreement shall terminate (i) December 31, 2045 or (ii) when all Bonds are paid or provision has been made for the payment on all Bonds in accordance with the Bond Resolution or (iii) when all payment obligations under this Agreement have been satisfied or provided for, whichever occurs last.

Section 3. Electric Service To Be Furnished. The Seller hereby sells, and each Purchaser hereby purchases, that Purchaser's Percentage Share of System Capacity (together with associated energy) from the System in accordance with this Agreement. The Seller shall at all times, except when prevented by a cause or event not within the control of the Seller, make power available to the Purchasers from the System in an amount equal to the amount the Purchasers may schedule from the System, within the limitations imposed by available System capability, available water, and customary scheduling procedures determined by the Seller.

The Seller shall use reasonable diligence to provide a constant and uninterrupted supply of electrical power and energy hereunder. However, Seller reserves the right to interrupt the supply of electrical power and energy for reasonable maintenance of lines, generation equipment and other facilities, upon reasonable notice to the affected Purchaser. If the supply of electric power and energy shall fail or be interrupted, or become defective through act of God or public enemy, or because of accident, labor troubles, or any other cause beyond the control of the Seller, the Seller shall not be liable therefor for damages caused thereby. Each Purchaser has the obligation and responsibility, at its sole expense, to provide its own standby generation in the event that power delivery is interrupted.

Electric power and energy to be furnished under this Agreement shall be alternating current, three phase, sixty Hertz. The Seller will construct all final connections between the System and each Purchaser's System at the point(s) of delivery. The voltage shall be 34,500 or 7,200 volts, line to line, three phase, sixty Hertz. The point of connection, metering point and voltage shall be mutually agreed upon by each Purchaser and the Seller.

The Seller may install, own, and maintain the necessary substation and generation equipment at the point(s) of connection. The Seller shall own and maintain such switching and protective equipment as may be reasonably necessary to enable each Purchaser to take and use the energy sold pursuant to this Agreement and to protect the System. Meters and metering equipment shall be furnished, maintained and read by the Seller and shall be located at the point of delivery or at any other point(s) mutually agreed upon by the Seller and the Purchasers.

Section 4. Payment Obligation. Each Purchaser agrees to pay its Percentage Share of Annual Costs for each Fiscal Year. The sum of the Percentage Shares of the Purchasers for each Fiscal Year shall equal 100%. Each Purchaser shall make payments in the amounts and at the times required by this Agreement notwithstanding a suspension or reduction in the amount of power supplied by the System. Such payments shall not be subject to any reduction, by offset or otherwise. The obligation to make such payments shall be absolute and unconditional and unaffected by any interruption, interference, or curtailment in whole or in part of power supplied by the System.

Section 5. Annual Costs. The term "Annual Costs" means all of the costs resulting from the ownership, operation, maintenance of, and renewals and replacements to, the System, properly incurred or paid during each Fiscal Year, including:

- (i) Amounts required to be set aside for the payment of Debt Service on Bonds;

(ii) Amounts required to restore the funds established under the Bond Resolution to the levels required by the Bond Resolution to be maintained therein;

(iii) Amounts that may be required to pay for Required Work;

(iv) All other costs of the System (excluding depreciation) not accounted for by the payments out of funds and reserves specified in the foregoing clauses of this Section and properly chargeable to the System under the Uniform System of Accounts, less any credits against said costs by reason of revenues from sources other than the direct sale of power to Purchasers, and also less any credits for interest earned and available for System purposes; provided, that income from interest earned on reserve funds shall be used at least annually to accumulate and maintain said reserve funds in the amounts required under the Bond Resolution, or to reduce Annual Costs. Such other costs shall include: (A) System operating and maintenance costs, in accordance with the Annual Budget; (B) costs of insurance; (C) administrative and general expenses of the Seller; (D) the return on equity permitted by the Commission; and (E) such other System costs as the Seller and the Purchasers may from time to time approve for inclusion in Annual Costs.

(v) Any additional amount required so that the amount available in the Fiscal Year to pay Debt Service will be not less than the debt service coverage percentage required by the Bond Resolution.

Section 6. Annual Budget and Monthly Charges. (A) Prior to the first day of each Fiscal Year the Seller shall prepare and provide to the Purchasers an Annual Budget for the Fiscal Year. The Annual Budget shall specify the Annual Costs

and, for each month in the Fiscal Year, the monthly charges required to be paid by the Purchasers to meet such Annual Costs and to provide for the punctual payment of Debt Service and the funding of the various funds maintained under the Bond Resolution. The Annual Budget shall also set forth the tentative Percentage Share of each Purchaser. The tentative Percentage Share shall be used to calculate the monthly charges payable by each Purchaser. From time to time during the Fiscal Year the Seller may revise the Annual Budget to reflect adjustments in Annual Costs and the financial results of the System.

(B) The amount of the monthly charge for each Purchaser specified in the Annual Budget shall be payable as of the tenth day of each month, and shall be paid to, or upon the order of, the Seller. If any payment or part thereof due to the Seller from a Purchaser shall remain unpaid for 30 days following its due date, such Purchaser shall be charged with and shall pay to the Seller interest on the amount unpaid from its due date until paid, at the rate of ten per centum (10%) per annum.

(C) On or before March 1st of the year next following the close of the Fiscal Year, the Seller shall submit to the Purchasers a final accounting for such Fiscal Year setting forth, for each Purchaser, the Percentage Share and the Annual Payment Obligation. The part (if any) of such Annual Payment Obligation not previously paid to the Seller by such Purchaser pursuant to paragraph (B) of this Section shall be immediately due and payable and shall be paid by the Purchaser to the Seller. In the event that the final accounting determines that the Annual Payment Obligation of a Purchaser with respect to such Fiscal Year is less than the aggregate amount of monthly charges paid by such Purchaser pursuant to paragraph (B) of this Section,

then such excess payment shall be credited against the monthly charges next due and payable.

Section 7. Obligations in the Event of Default. (A) Upon failure of a Purchaser to perform any obligation herein, the Seller, and to the extent of any assignment of rights and remedies under this Agreement, the Trustee and the holders of Bonds, may bring any suit, action or proceeding at law or in equity, including mandamus, injunction and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation of this Agreement against that Purchaser. Each Purchaser shall continue to make payments in the event of any dispute regarding performance of any obligation by any party under this Agreement, and this obligation of continued payment pending resolution of disputes shall be immediately enforceable by any party, or the Trustee upon application to any court of competent jurisdiction.

(B) In addition to the Seller's rights under paragraph (A) of this Section, if a Purchaser has for any reason suspended or reduced, or has failed to make or has been prevented from making, payments required under this Agreement, the Seller may terminate or suspend the delivery of power to that non-paying Purchaser if, after consulting with the other Purchaser, the Seller reasonably determines that such termination or suspension is more effective than other available alternatives in minimizing adverse impacts on such other Purchaser.

(C) If the Seller projects that the aggregate amounts to be paid by the Purchasers, after taking into account the failure of the non-paying Purchaser to make its payments, will be insufficient to pay Annual Costs, then it shall increase the other

Purchaser's Percentage Share of Annual Costs and Project Capacity to the extent and for the period necessary to compensate for such insufficiency.

(D) No exercise by the Seller, or its assigns, of any of the rights (or any failure by the Seller, or its assigns, to exercise any of the rights) under this Section shall relieve any non-paying Purchaser of any payment obligation under this Agreement or relieve such Purchaser of any liability for damages resulting from non-payment. In particular, sales of power are intended to reduce the financial impact of any Purchaser's non-payment on the paying Purchaser. Such sales are not intended to, nor shall they, reduce the payment obligations of the non-paying Purchaser or the damages for which such non-paying Purchaser may be liable.

Section 8. Effect of Breach. Failure on the part of the Seller or any Purchaser in any instance or under any circumstances to observe or fully perform any obligation assumed by or imposed upon it by this Agreement or by law shall not make the Seller liable in damages to any Purchaser or relieve any Purchaser from making any payment to the Seller or fully performing any other obligation required of it under this Agreement, but such Purchaser may have and pursue any and all other remedies provided by law for compelling performance by the Seller of said obligation assumed by or imposed upon the Seller.

Section 9. Pledge or Assignment. The Seller may at any time assign or pledge for the benefit and security of the holders of Bonds any or all of its rights under the provisions of this Agreement to receive payments from any Purchaser, and thereafter this Agreement shall not be terminated, modified or changed by the Seller or such Purchaser except in the manner (if any) permitted, and subject to the conditions (if any) imposed, by the terms and provisions of such assignment or pledge.

Section 10. Tax Covenants. The Seller and each Purchaser respectively agrees and covenants that it will not take any action or omit to take any action which is lawful and within its power to take, and which, if taken or omitted, would cause interest on any Bond to be includable in the gross income of the holder of such Bond for federal income tax purposes to a greater extent than was intended as of the time of original issuance of such Bond.

Section 11. Continuing Disclosure. The Seller and the Purchasers agree that they will provide such financial information and operating data as shall be requested by the underwriters of the Bonds in connection with the public offering of the Bonds. The Seller and the Purchasers acknowledge that each is an "obligated person" within the meaning of Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. The Seller and the Purchasers agree that in connection with each sale of Bonds they will enter into a continuing disclosure undertaking in accordance with said Rule 15c2-12 and will provide annually the financial information and operating data required under each such undertaking.

Section 12. Purchasers' Systems. The amounts payable under this Agreement are operating expenses of each Purchaser's System, and are valid and binding obligations of each Purchaser, payable from the gross revenues of said Purchaser's System as a cost of purchased electric power.

Each Purchaser agrees that it will establish, charge and collect rates, fees, and charges with respect to that Purchaser's System in accordance with applicable law to provide revenues sufficient to meet its obligations under this Agreement and sufficient to pay, together with any other funds or monies available

therefor, any and all other amounts payable from or which constitute or may constitute a charge and lien upon such revenues including, but not limited to, amounts sufficient to meet obligations to service debt incurred by the Purchaser to finance the Purchaser's System.

Each Purchaser covenants and agrees that it will operate and maintain its System in good repair, working order and condition. Each Purchaser covenants and agrees not to enter voluntarily into any contract or agreement to take or to take or pay for power, other than this Agreement, payable from the revenues of the Purchaser's System on a parity with or superior to the payment of its obligations under this Agreement.

Section 13. Meter Testing and Billing Adjustment. The Seller shall test and calibrate meters by comparison with accurate standards at intervals satisfactory to the Seller and the Purchasers. The Seller shall also make special meter tests at any time at the Purchaser's request. The costs of all tests shall be borne by the Seller; provided, however, that if any special meter test made at the Purchaser's request shall disclose that the meters are recording accurately, the Purchaser shall reimburse the Seller for the cost of such test. Meters registering not more than two percent above or below normal shall be deemed to be accurate. The readings of any meter that shall have been disclosed by test to be inaccurate shall be corrected for the 90 days previous to such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period, the affected Purchaser and the Seller shall agree as to the amount of energy furnished during such period.

Section 14. Records. In addition to meter records, the parties shall keep log sheets and other records as may be needed for the purposes of this Agreement.

In keeping books of account, each Purchaser will, to the extent that different rules are not prescribed by this Agreement or by federal and state laws or agencies, follow the system of accounts prescribed for public utilities and licensees by the Federal Energy Regulatory Commission.


Section 15. Inspection of Facilities. For purposes of this Agreement, each party may, but shall not be obligated to, inspect any other party's facilities at any time upon reasonable notice, but such inspection or failure to inspect shall not render the inspecting party, its officers, agents or employees, liable or responsible for any injury, loss, damage, or accident resulting from defects in such electric installation, or for violation of this Agreement.

Section 16. Management Covenants. Each Purchaser will affirmatively and promptly pursue all administrative and judicial remedies necessary to secure Commission approval of retail rates required to meet the terms of this Agreement where Commission approval is required.

Each Purchaser will take all necessary steps to comply with applicable federal and state laws and regulations, licenses and permits relating to the use and operation of the Purchaser's System.

No Purchaser shall abandon, sell, mortgage, lease or otherwise dispose of the Purchaser's System or any assets of the Purchaser's System (including by sale to or merger with any other utility), or assign this Agreement or any interest thereunder to any assignee or successor in interest, unless such disposal or assignment is: (A) made to the other Purchaser under this Agreement, Alaska Power & Telephone Company or a subsidiary of Alaska Power & Telephone Company; or (B) limited to assets that the Purchaser determines to be surplus to the needs of that

Purchaser's System, but the depreciated value of assets so disposed of or assigned in any given year shall not exceed ten percent of the depreciated value of the assets of the Purchaser's System prior to the disposal or assignment; or (C) evaluated by a Consultant and that Consultant certifies that, taking into account the other obligations of the Purchaser or of such Purchaser's assignee or successor in interest (as the case may be), the Purchaser or the assignee or successor in interest will have (i) substantially the same or greater ability to produce sufficient revenues to meet its payment obligations as would the Purchaser absent the transaction, and (ii) the ability to perform all obligations under this Agreement.

Any assignee of this Agreement must assume in writing all of the assigning Purchaser's obligations hereunder, must pay any amounts due and owing from the assigning Purchaser hereunder, and (unless the assignee is already a Purchaser) must provide the Seller and the other Purchaser with an opinion of counsel that this Agreement is enforceable against the assignee. 

Section 17. System Improvements. The Seller may at any time and at its discretion alter, improve, enlarge and extend the System in any respect or renew or replace any part thereof and provide for the issuance of Bonds to finance any such work. The Seller may at any time and at its discretion undertake Required Work and provide for the issuance of Bonds to finance any such Required Work. In each case, the undertaking of such improvement shall be subject to such approvals, if any, of the Commission as may be required under the then existing statutes and regulations.

Section 18. Commission Filing and Approval. In accordance with Alaska Statutes 42.05.431(b) and 3 Alaska Administrative Code 48.200 - 48.450, the parties acknowledge their understanding that (A) this Agreement (i) must be filed with the

Commission; (ii) does not take effect without the prior approval of the Commission; (iii) is at all times subject to revisions by the Commission; and (B) the parties to this Agreement will be given notice and an opportunity to be heard before the Commission as a condition precedent to revising this Agreement.

Section 19. **Applicable Law.** The laws of the State of Alaska shall govern the interpretation and application of this Agreement and the actions of the parties hereunder.

Section 20. **Severability of Invalid Provision.** If any one or more of the covenants or agreements provided in this Agreement, on the part of the Seller or any Purchaser to be performed should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed separable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Agreement.

Section 21. **Successors and Assigns.** This Agreement shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties to this Agreement.

Section 22. **Notices.** Any notice, demand or request required or authorized by this Agreement to be given to the parties shall be properly given if hand delivered or if mailed, postage prepaid, as follows:

To: Goat Lake Hydro, Inc.

P.O. Box 222
191 Otto Street
Port Townsend, Washington 98368

To: Alaska Power Company, Inc.

P.O. Box 222
191 Otto Street
Port Townsend, Washington 98368

To: Haines Light & Power Co., Inc.

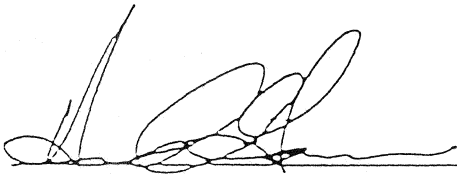
P.O. Box 222
191 Otto Street
Port Townsend, Washington 98368

Section 23. Execution in Counterparts. This Agreement may be executed in any number of counterparts each of which shall be executed by the Seller and each Purchaser and all of which shall be regarded for all purposes as one original and shall constitute and be but one and the same.

IN WITNESS WHEREOF, the Seller and the Purchasers have caused their respective corporate seals to be hereunto affixed and these presents to be signed by their respective officers thereunder duly authorized and this agreement to be dated as of the date first above written.

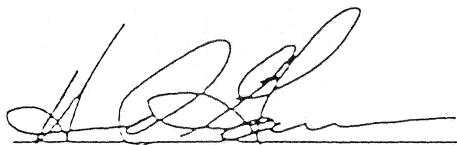
(SEAL)

GOAT LAKE HYDRO, INC.

By 

(SEAL)

ALASKA POWER COMPANY

By 

(SEAL)

HAINES LIGHT & POWER CO., INC.

By 